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ECONOMIC CLAUSES

PROVISIONAL DRAFT

OF THE

ECONOMIC CLAUSES OF THE TREATY OF PEACE WITH GERMANY

WITH EXPLANATORY HEADINGS AND MARGINAL COMMENTS
FOR THE USE OF THE AMERICAN DELEGATES

PRESENTED TO THE

SENATE COMMITTEE ON FOREIGN RELATIONS

BY

HON. BERNARD BARUCH



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ECONOMIC COMMISSION.

DRAFT OF CLAUSES FOR THE TREATY WITH GERMANY.

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ECONOMIC COMMISSION.

DRAFT OF CLAUSES TO BE INSERTED IN THE TREATY WITH GERMANY.

PART I.

COMMERCIAL RELATIONS, CUSTOMS DUTIES, SHIPPING, UNFAIR COMPETITION, TREATMENT OF NATIONALS.

SUMMARY OF CONTENTS.

CHAPTER A—CUSTOMS REGULATIONS, DUTIES AND RESTRICTIONS.

COMMENTS.

MEMORANDUM BY AMERICAN DELEGATES.

As regards customs tariffs, the proposed arrangement is that for a period of six months, Germany shall impose no duties higher than the lowest duties in force in 1914. After these six months she is free to do as she pleases, subject however, for a limited period, to giving most-favored-nation treatment to the Allies, and in general to discriminating in no way against the Allies. This requirement of most-favored-nation treatment has no counterpart in the form of any requirement imposed on the Allies to give Germany most-favored-nation treatment. Hence at the close of five years Germany is left free. The belief is that during that five year period things will settle down, and reasonable commercial arrangements will be made between Germany and other countries.

Similar stipulations, favorable for the Allies, are made for vessels, transit duties or charges, and the like. Here too, a limit of five years is set for the unilateral obligation imposed on Germany, in the expectation that reasonable reciprocal relations will be restored.

The five year periods in these cases are subject to modification by the League of Nations, under conditions somewhat different in the two sets of cases.

As regards treatment of the nationals of allied countries, the provisions in general are such as are contained in the usual commercial treaties. Here again they are unilateral, the obligations resting upon Germany alone. Hence in this case also they are imposed for a period of five years (subject to modification by the League of Nations) in the expectation that at the end of the five years matters of this sort will be adjusted in the usual way.

Equality of
Duties for all
States.

1. The German Government undertakes that goods the produce or manufacture of any one of the Allied or Associated States imported into German territory as determined by the Peace Conference, from whatsoever place

To cease at end
of 5 years un-
less League of
Nations acts
(See article 1,
Chapter E).

arriving, shall not be subjected to other or higher duties or charges (including internal charges) than those to which the like goods the produce or manufacture of any other such State or of any other foreign country are subject.

The German Government will not maintain or impose any prohibition or restriction on the importation into German territory, as defined above, of any goods the produce or manufacture of the territories of any one of the Allied or Associated States, from whatsoever place arriving, which shall not equally extend to the importation of the like goods the produce or manufacture of any other such State or of any other foreign country.

No discrimination by indirect methods.

2. The German Government further undertakes that, in the matter of the régime applicable on importation, no discrimination against the commerce of any of the various Allied and Associated States as compared with any other of the said States or any other foreign country shall be made, even by indirect means, such as Customs regulations or procedure, methods of verification or analysis, conditions of payment of duties, tariff classification or interpretation, or the operation of monopolies.

To cease at end of 5 years unless League of Nations acts (See article 1, Chapter E).

No discrimination as regards exported goods.

3. In all that concerns exportation the German Government undertakes that goods, natural products or manufactured articles, exported from German territory to the territories of any one of the Allied or Associated States shall not be subjected to other or higher duties or charges (including internal charges) than those paid on the like goods exported to any other such State or to any other foreign country.

To cease at end of 5 years unless League of Nations acts (See article 1, Chapter E).

No prohibition or restriction shall be maintained or imposed on the exportation of any goods sent from German territory to any one of the Allied or Associated States which shall not equally extend to the exportation of the like goods, natural products or manufactured articles, sent to any other such State or to any other foreign country.

**SUMMARY OF
CONTENTS.**

ECONOMIC CLAUSES.

COMMENTS.

All favors to be granted equally.

4. Every favor, immunity, or privilege in regard to the importation, exportation or transit of goods granted by Germany to any Allied or Associated State or to any other foreign country whatever shall simultaneously and unconditionally, without request and without compensation, be extended to all the Allied and Associated States.

To cease at end of 5 years unless League of Nations acts (See article 1, Chapter E).

No discrimination in duties because of shipping or transit.

5. Duties, charges and prohibitions relating to importations into or exportations from German territory shall be without discrimination or preference, direct or indirect, based on the flag or ownership of the carrying vessel or aircraft, on the original or immediate place of departure of the vessel or aircraft, on its ultimate or intermediate destination, or whether any intermediate port through which the goods are imported or exported is a German port or a port belonging to any foreign country, on the particular frontier across which they enter or leave German territory, or whether they are imported or exported by sea or by land or by air.

To continue after the 5 years until League of Nations acts.

A concession to the Belgians, who are uneasy about Antwerp (See article 1, Chapter E).

Alsace-Lorraine products free into Germany for 5 years.

6. By way of exception to the preceding provisions :—

(a) For a period of five years from the date of the ratification of the present Treaty, natural or manufactured products which both originate in and come from the territories of Alsace and Lorraine reunited to France shall, on importation into German Customs territory, be exempt from all Customs duty.

Automatically ends after 5 years.

The French Government shall fix each year, by decree communicated to the German Government, the nature and amount of the products which shall enjoy this exemption.

The amount of each product which may be thus sent annually into Germany shall not exceed the average of the amounts sent annually in the years 1911–1913.

Alsace textiles to move freely for finishing operations.

Further, during the period referred to, the German Government undertakes to allow the free export from Germany, and the free re-importation into Germany, exempt from all Customs duties and other charges (including internal charges), of yarns, tissues, and other textile materials or products of any kind and in any con-

Automatically ends after 5 years.

dition, sent from Germany into the territories of Alsace or Lorraine, to be subjected there to any finishing process, such as bleaching, dyeing, printing, mercerization, gas-sing, twisting, dressing, etc.

Polish products
free into Ger-
many for 3
years.

(b) During a period of three years from the date of the ratification of the present Treaty, natural or manufactured products which both originate in and come from Polish territories which before the war were part of Germany shall, on importation into German Customs territory, be exempt from all Customs duty.

Automatically
ends after 3
years.

The Polish Government shall fix each year, by decree communicated to the German Government, the nature and amount of the products which shall enjoy this exemption.

The amount of each product which may be thus sent annually into Germany shall not exceed the average of the amounts sent annually in the years 1911-1913.

Luxemburg case
reserved.

(c) The Allied and Associated States reserve the right to require Germany to accord freedom from Customs duty, on importation into German Customs territory, to natural products and manufactured articles which both originate in and come from the Grand Duchy of Luxemburg, for a period of five years from the ratification of the present Treaty.

The nature and amount of products which shall enjoy the benefits of this *régime* shall be communicated each year to the German Government.

The amount of each product which may be thus sent annually into Germany shall not exceed the average of the amounts sent annually in the years 1911-1913.

Lowest duties of
1914 to remain
in force for 6
months.

7. During the first six months following the ratification of the present Treaty, the duties imposed by the German Government on imports from Allied and Associated Nations shall not be higher than the most favorable duties which were applied to imports into Germany on the 31st July, 1914.

Certain other
duties to remain
unchanged for
30 months more.

During a further period of thirty months after the expiration of the first six months, this disposition shall continue to be applied exclusively with regard to products

A concession to
certain countries
(especially
Italy) who fear
the imposition
by Germany of

which, being comprised in Section A of the First Category of the German Customs Tariff of the 25th December, 1902, enjoyed at the above-mentioned date rates conventionalized by Treaties with the Allied or Associated States, with the addition of all kinds of wine and vegetable oils, of artificial silk and of washed or scoured wool, whether or not they were the subject of special Conventions before the 31st July, 1914.

Reservation as to
occupied regions.

8. The Allied and Associated States reserve the right to apply to German territory occupied by their troops a special Customs régime as regards imports and exports, in the event of such a step being necessary in their opinion in order to safeguard the economic interests of the population of these territories.

CHAPTER B—SHIPPING.

National
treat-
ment for
ships
of Allies.

1. Ships and boats of all kinds belonging to the Allied or Associated States shall enjoy in all German ports full national treatment. In particular, the ships and boats of any one of the Allied or Associated States shall be entitled to transport goods of any description and passengers to or from any ports or places in German territory to which German ships may have access, under conditions which shall not be more onerous than those applying in the case of national ships, and shall be treated on a footing of equality with national ships as regards port and harbor facilities and charges of every description, including facilities for stationing, loading and unloading, and duties and charges of tonnage, harbor pilotage, lighthouse, quarantine and all analogous duties and charges of whatsoever nature, levied in the name or for the profit of the Government, public functionaries, private individuals, corporations or establishments of any kind.

In the event of the German government granting a preferential régime to any of the Allied or Associated States, or to any other foreign country, this régime shall be extended immediately and unconditionally to all the Allied and Associated States.

vengeful duties
on some products
dependent on
particularly
the German
market
Automatically
ends after 3
years. List of
Articles affected
by the provision
is appended.

To continue
after the 5
years until the
League of Na-
tions acts. A
concession to
the Belgians, as
in the case of
Article 5
(See article 1,
Chapter E).
In part a dupli-
cation of articles
contained in the
draft of the
Commission on
Ports; in part
inconsistent
with those
articles. The
duplications will
be easily elimi-
nated in the final
draft; the in-
consistencies
need careful at-
tention.

SUMMARY OF CONTENTS.	ECONOMIC CLAUSES.	COMMENTS.
Most favored nation treatment for fishing and coasting vessels.	2. As regards fishing, coasting trade, and towage, ships and boats of the Allied and Associated States shall enjoy, even in German territorial waters, the treatment accorded to ships and boats of the most favored nation.	To cease at end of the 5 years unless League of Nations acts. (See article 1, Chapter E). This matter is also covered in
Police of North Sea fisheries.	Part II, Article D. The duplication will be eliminated in the final draft. 3. The German Government agrees that, notwithstanding any stipulation to the contrary contained in the Conventions relating to the North Sea Fisheries and Liquor Traffic, all rights of inspection and police shall, in the case of fishing boats belonging to the Allied Powers, be exercised by ships belonging to those Powers.*	
Ship certificate and document.	4. In the case of ships and boats belonging to the Allied or Associated States, all classes of certificates or documents relating to the vessels, which were recognized as valid by Germany before the war, or which may hereafter be recognized as valid by the principal maritime States, shall be recognized by Germany as valid and as equivalent to the corresponding certificates issued to German vessels.	Permanent.
	A similar recognition shall be accorded to the certificates and documents issued to their vessels by the Governments of new States, whether they have a sea-coast or not. Such certificates and documents shall be issued in conformity with the general principles observed in the principal maritime States.	Permanent.
Registry of ships of countries having no sea-coast.	5. The vessels of any Allied or Associated State which has no sea-coast shall be registered at some one specified place situated in its territory, which place shall serve as their port of registry; the High Contracting Parties agree to recognize the international validity of the flag flown by vessels so registered.	Permanent.

CHAPTER C—UNFAIR COMPETITION.

False wrappings and markings to be suppressed by German Government.	1. The German Government engages itself to take all the necessary legislative and administrative measures to protect goods, the produce or manufacture of any one of the Allied or Associated States from all forms of unfair competition in commercial transactions.	This is in accord with the Madrid Convention and not to be opposed, even though the Allies do not here enter on any reciprocal engagement. The
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important Allied countries already reciprocate.
 *This article is covered by Article D in Part II, relating to Revival or Abrogation of Economic Treaties.

The German Government undertakes to prohibit and repress by seizure and by other appropriate remedies the importation, exportation, manufacture, distribution, sale or offering for sale in the interior of all goods bearing upon themselves or their usual get-up or wrappings any marks, names, devices, or descriptions whatsoever which are calculated to convey directly or indirectly a false indication of the origin, type, nature, or special characteristics of such goods.

Germany to enforce regional appellation of wines and spirits as settled by other states.

2. The German Government undertakes to respect any law or any administrative or judicial decision given in conformity with such law in force in any Allied or Associated State and duly communicated to it by the proper authorities defining or regulating the right to any regional appellation in respect of wine or spirits produced in the State to which the region belongs or the conditions under which the use of any such appellation may be permitted; and the importation, exportation, manufacture, distribution, sale or offering for sale of products or articles bearing regional appellations inconsistent with such law or order shall be prohibited by the German Government and repressed by the measures prescribed in the preceding article.

The U. S. Delegation entered reservation on the ground that the matter is one for general international action. France has enacted laws by which a corresponding obligation is imposed on her own subjects between themselves.

CHAPTER D—TREATMENT OF NATIONALS OF ALLIED AND ASSOCIATED POWERS IN EX-ENEMY COUNTRIES.

1. Germany undertakes:

(a) Not to subject the nationals of the Allied and Associated Powers to any prohibition in regard to the exercise of occupations, professions, trade and industry, which shall not be equally applicable to all aliens without exception.

National treatment as regards occupations.

Majority voted that these restrictions should continue after the 5 years until League of Nations acts (See article 1, Chapter E).

(b) Not to subject the nationals of the Allied and Associated Powers in regards to the rights referred to in paragraph (a) to any regulation or restriction which might contravene directly or indirectly the stipulations of the said paragraph, or which shall be other or more

No indirect evasion.

U. S. reservation that these restrictions should cease after the 5 years unless League of Nations acts (See article 1, Chapter E).

disadvantageous than those which are applicable to aliens nationals of the most-favored nation.

National treat-
ment as regards
taxes.

(c) Not to subject the nationals of the Allied and Associated Powers, their property or interests to any charges, tax or impost, direct or indirect, other or higher than those which are or may be imposed on its own nationals or their goods or interests.

National treat-
ment in general.

(d) Not to subject the nationals of the Allied and Associated Powers to any restriction which was not applicable on July 1, 1914, to the nationals of such Powers, unless such restriction is likewise imposed on its own nationals.

2. The nationals of the Allied and Associated Powers shall enjoy in German territory a constant protection for their persons and for their property and interests, and shall have free access to the Courts of Law. Permanent.

General
Protection
Recognition of
new nationalities
and their
naturalization
laws.

3. Germany undertakes to recognize any new nationality which has been or shall be acquired by its nationals under the laws of the Allied and Associated States and in accordance with the decisions of the competent authorities of these States, pursuant to naturalization laws or under treaty stipulations, and to regard such persons as having, in consequence of the acquisition of such new nationality, in all respects severed their allegiance to their country of origin. Permanent.

Consuls and
Consular agents
to be admitted.

4. The Allied and Associated Governments may appoint consuls-general, consuls, vice-consuls, and consular agents in the towns and ports in German territory. The German Government undertakes to approve the designation of the consuls-general, consuls, vice-consuls, and consular agents whose names shall be notified to it and to admit them to the exercise of their functions in conformity with the usual rules and customs. Permanent.

CHAPTER E—GENERAL ARTICLES.

Period of time
during which
certain of the
preceding obliga-
tions shall re-
main in effect.

1. The obligations imposed on Germany by Chapter A (except Article 5) and by Articles 2 and 3 of Chapter B above shall cease to have effect five years from the U. S. delegation
advocates the
insertion here of
Article 1
Chapter D.

date of ratification of the present Treaty, unless otherwise provided in the text, or unless the Council of the League of Nations shall, at least twelve months before the expiration of that period, decide that these obligations shall be maintained for a further period with or without amendment.

Article 5 of Chapter A shall remain in operation even after the period of five years unless revised by the Council of the League of Nations: and the same shall apply to Article 1 of Chapter B and Article 1 of Chapter D.

U. S. Delegation
disagrees [as
regards Article
1 of Chapter
D, and main-
tains that this
provision should
not apply to
Article 1 of Chapter D.

German Govern-
ment, when
acting as a
trader, to have
no immunity as
a sovereign.

2. If the German Government engages in international trade, it shall not in respect thereof have or be deemed to have any rights, privileges or immunities of sovereignty.

PART II.

REVIVAL OR ABROGATION OF ECONOMIC TREATIES.

SUMMARY OF CONTENTS.

CHAPTER A—MULTILATERAL CONVENTIONS.

COMMENTS.

MEMORANDUM BY AMERICAN DELEGATES.

The provisions in Part II raise few contentious questions. It is first provided that a considerable number of multilateral treaties, on matters of concern to all countries, and not political in character, shall be reviewed; such as postal, telegraph, sanitary conventions. The existing public international unions, which may at some future date be placed under the League of Nations, rest at present upon these conventions. Regarding some minor conventions to which Germany is asked to adhere, the United States has entered reservations (see Article K.). It is proposed in Article H to relieve China from the obligation to pay to Germany the instalments still due under the Pekin Treaty of 1901, by which China was compelled to pay indemnities for the Boxer rebellion.

Bilateral Treaties may also be revived by the Allied States, who are given six months in which to make the necessary notification to Germany. These treaties likewise are as a rule on non-contentious matters; and in any case, if their revival proves unwelcome to Germany, they can usually be denounced by her on twelve months' notice.

At the close of the Part are certain Articles,—M, N, O, P, Q,—by which treaties which Germany has made during the war with other enemy countries are abrogated, and by which the situation is cleared in other ways of the effects of enemy war policies.

MULTILATERAL TREATIES.

ARTICLE A.

From the date of bringing into force the present Treaty, the multilateral Treaties, Conventions and Agreements enumerated below and in the subsequent Articles shall alone* be applied as between Germany and those of the Allied and Associated Powers party thereto:—

1. Conventions of the 14th March, 1884, 1st December, 1886, and 23rd March, 1887, and Final Protocol of the 7th July, 1887, regarding the Protection of Submarine Cables. U. S. a party.

* Except for any Treaties the revival of which may be provided for elsewhere in the Treaty of Peace.

Relations re-
established in
respect of multi-
lateral conven-
tions and
international
unions.

2. Convention of the 11th October, 1909, regarding the International Circulation of Motor-cars. European.
3. Agreement of the 15th May, 1886, regarding the sealing of Railway trucks subject to Customs Inspection, and Protocol of 18th May, 1907. European.
4. Agreement of the 15th May, 1886, regarding the technical standardization of Railways. European.
5. Convention of the 5th July, 1890, regarding the publication of Customs Tariffs and the organization of an International Union for the publication of Customs Tariffs. U. S. a party.
6. Convention of the 31st December, 1913, regarding the unification of Commercial Statistics. European.
7. Convention of the 25th April, 1907, regarding the raising of the Turkish Customs Tariff. European.
8. Convention of the 14th March, 1857, for the redemption of toll dues on the Sound and Belts. U. S. a party.
9. Convention of the 22nd June, 1861, for the redemption of the State Toll on the Elbe. European.
10. Conventions of the 16th July, 1863, for the redemption of the Toll dues on the Scheldt. European.
11. Convention of the 29th October, 1888, regarding the establishment of a definite arrangement guaranteeing the free use of the Suez Canal. U. S. a party to the salvage convention treaty only.
12. Conventions of the 23rd September, 1910, respecting the unification of certain regulations regarding collisions and salvage at sea. U. S. a party.
13. Convention of the 21st December, 1904, regarding the exemption of hospital ships from dues and charges in ports. European.
14. Convention of the 4th February, 1898, regarding the tonnage measurement of vessels for inland navigation. European.
15. Convention of the 26th September, 1906, for the suppression of night-work for women. European.
16. Convention of the 26th September, 1906, for the suppression of the use of white phosphorus in the manufacture of matches. U. S. a party.

17. Conventions of the 18th May, 1904, and the 4th May, 1910, regarding the suppression of the white slave traffic. U. S. a party.

18. Convention of the 4th May, 1910, regarding the suppression of obscene publications. U. S. a party.

19. Sanitary Conventions of Paris and Venice of the 3rd April, 1894, 19th March, 1897, and 3rd December, 1903. U. S. a party.

20. Convention of the 20th May, 1875, regarding the unification and improvement of the metric system. European.

21. Convention of the 29th November, 1906, regarding the unification of pharmacopœial formulæ for potent drugs. European.

22. Convention of 16th and 19th November, 1885, regarding the establishment of a concert pitch. U. S. a party.

23. Convention of the 7th June, 1905, regarding the creation of an International Agricultural Institute at Rome. European.

24. Conventions of the 3rd November, 1881, and the 15th April, 1889, regarding precautionary measures against phylloxera. European.

25. Convention of the 19th March, 1902, regarding the protection of birds useful to agriculture. U. S. not a party.

ARTICLE B.

Re-admission of
Germany into
Postal and Tele-
graphic Unions.

From the date of bringing into force the present Treaty the High Contracting Parties shall renew, in so far as concerns them, the Conventions and Agreements hereinafter mentioned, on condition that the stipulations contained in the present article are fulfilled by Germany.

Postal Conventions:—

Conventions and agreements of the Universal Postal Union concluded at Vienna, 4th July, 1891. U. S. a party.

Conventions and agreements of the Postal Union signed at Washington, 15th June, 1897.

Conventions and agreements of the Postal Union signed at Rome, 26th May, 1906.

Telegraphic Conventions:—

International Telegraphic Conventions signed at St. Petersburg 10, 22 July, 1875. U. S. not a party.

Regulations and Tariffs drawn up by the International Telegraphic Conference, Lisbon, June 11th, 1908. U. S. not a party.

Germany to
conclude recip-
rocal postal and
telegraphic
agreements with
the new states.

Germany undertakes not to refuse her assent to the conclusion by the new States of the special arrangements referred to by the Conventions and Agreements relating to the Universal Postal Union and to the International Telegraphic Union, to which the said new States adhered or may adhere.

ARTICLE C.

Radio-
telegraphic
convention.

From the date of bringing into force the present Treaty, the High Contracting Parties shall renew, in so far as concerns them, the International Radio-Telegraphic Convention of the 5th July, 1912, on condition that Germany fulfils the provisional regulations which shall be indicated to her by the Allied and Associated Powers. U. S. a party.

Germany to
agree to adhere
to new
convention.

When a new Convention regulating international radio-telegraphic communications shall have been concluded to take the place of the Convention of the 5th July, 1912, this new Convention shall bind Germany even should the said Power have refused either to take part in the drawing up of the Convention, or to subscribe thereto.

Alleged to be
necessary for
military reasons.

This new Convention shall likewise replace the provisional rules in force.

ARTICLE D.

From the date of the bringing into force the present Treaty, the High Contracting Parties shall renew, in so far as concerns them, under the condition stipulated in the last paragraph of the present Article, the Conventions hereinafter mentioned:—

North Sea
Fisheries.

(1.) Conventions of the 6th May, 1882, and the 1st February, 1889, regulating the Fisheries in the North Sea outside territorial waters. European.

North Sea
Liquor Traffic.

(2.) The Conventions and Protocols of the 16th November, 1887, 14th February, 1893, and 11th April, 1894, regarding the North Sea liquor traffic.

European.

The German Government agrees that notwithstanding any stipulation to the contrary contained in the said Conventions all rights of inspection and police shall, in the case of fishing boats belonging to the Allied Powers, be carried out only by vessels belonging to these Powers.

[This right of inspection, however, shall cease at the end of five years from the date of ratification of the present Treaty, unless the Council of the League of Nations shall, at least 12 months before the expiration of that period, decide that it shall be maintained for a further period, with or without amendment.] See Part I, Ch. B. Article 3.

The limiting clause in brackets has been agreed upon by the Economic Commission, though inserted in another place in the draft.

ARTICLE E.

Patents,
copyrights,
etc.

The International Convention of Paris of the 20th March, 1883, for the protection of industrial property, revised at Washington on the 2nd June, 1911; the agreement of the 14th April, 1891, regarding the suppression of false indications of origin of goods; the agreement of the 14th April, 1891, concerning the international registration of trade marks; and the International Convention of Berne of the 9th September, 1886, for the protection of literary and artistic works, revised at Berlin on the 13th November, 1908, shall again be put into full force and effect as from date of bringing into force the present Treaty, in so far as they are not affected or modified by the exceptions and restrictions resulting from the said Treaty.

Compare the sections of this draft which deal with Unfair Competition and with Industrial Property. Part I, ch. C, and Part VI, ch. I. Duplications will be eliminated. U. S. a party to (1) and (4).

ARTICLE F.

European
Railway
Union.

From the date of bringing into force the present Treaty, the High Contracting Parties shall renew, in so far as concerns them and under the reservations indicated in the second paragraph of the present Article, the Conventions and arrangements signed at Berne on the 14th October, 1890, the 20th September, 1893, the 16th July, 1895,

U. S. not a party.

the 16 June, 1898, and the 19th September, 1906, regarding the transportation of goods by rail.

When a new Convention for the transportation of passengers, luggage and goods by rail shall have been concluded to replace the Berne Convention (14th October, 1890) this new Convention shall bind Germany even if the said Power shall have refused either to take part in the preparation of the Convention or to subscribe thereto.

U. S. not a party.
Drafted by Commission on Ports, Waterways and Railways, and proposed by that Commission.

ARTICLE G.

From the date of bringing into force the present Treaty, the High Contracting Parties shall renew in so far as concerns them:—

Chinese tariff.

(1.) The arrangement of the 29th August, 1902, regarding the New Chinese Customs Tariff. U. S. a party.

Whang-Poo
Conservancy
measures.

(2.) The arrangement of the 27th September, 1905, regarding Whang-Poo, and the provisional supplementary arrangement of the 4th April, 1912. U. S. a party.

China, however, is no longer bound to grant to Germany the advantages or privileges which she allowed Germany under these arrangements, and which she has annulled as from the rupture of diplomatic relations.

ARTICLE H.

Protocol of
Peking.

Germany renounces all claims to all benefits and privileges under the provisions of the Final Protocol signed at Peking on 7th September, 1901, and likewise to all indemnities accruing under the said Protocol subsequent to 14th March, 1917.

Affects the
Boxer
Indemnity.

ARTICLE I.

From the date of bringing into force the present Treaty, the High Contracting Parties shall renew, in so far as concerns them, the Hague Convention of the 17th July, 1905, relating to civil procedure. European.

This renewal, however, does not and shall not apply to France, Portugal and Roumania.

ARTICLE J.

National
treatment of
German trade in
Samoa to
terminate.

The special rights and privileges granted to Germany by Article III of the Convention of 2nd December, 1899, relating to Samoa, shall terminate at the date of bringing into force the present Treaty.

These rights,
granted by
U. S. and Great
Britain, were
incidental to the
Samoa
adjustment
of 1899.

ARTICLE K.

Treaties
Germany is
asked to sign.

Germany undertakes to adhere to the Treaties, Conventions or Agreements hereinafter mentioned or to ratify them :—

Already signed,
but not ratified
by Germany.

(1.) Convention of the 23rd January, 1912, signed at the Hague, regarding opium, morphine and cocaine.

U. S. a party.

(2.) Act and Protocol of the 20th March, 1914, relating to the protection of literary and artistic works.

U. S. not a party.

(3.) Convention of the 4th March, 1914, regarding the diseases of plants.

(4.) Convention of the 16th October, 1912, for a uniform system of giving the results of analysis of food stuffs for human beings and animals.

U. S. not a party.
As regards the
three last named
Conventions, the
United States
delegation has
made a reser-
vation which
it proposes to
refer to the
Council of Four.

(5.) Convention of the 16th October, 1912, for a permanent International Bureau of Analytical Chemistry concerning food stuffs for human beings and animals.

BILATERAL TREATIES.

ARTICLE L.

Revival of bi-
lateral treaties
with Germany.

Each of the Allied or Associated Powers, being guided by the general principles or special provisions of the present Treaty, shall notify to Germany the bilateral Treaties or Conventions which such Allied or Associated Power wishes to revive with Germany.

The Allied and Associated Powers undertake among themselves not to revive with Germany any Conventions or Treaties which are not in accordance with the terms of the present Treaty. In case of differences of opinion the League of Nations will be called upon to decide.

The notification referred to in the present article shall be made either directly or through the intermediary of another Power. The receipt thereof shall be acknowledged in writing by Germany. The date of the revival shall be that of the notification. The notification shall mention any provisions of the said Treaties and Conventions which, not being in accordance with the terms of the present Treaty, shall not be considered as revived.

A period of six months from the date of ratification of the present Treaty is allowed to the Allied and Associated Powers in which to make their notification.

Only those bilateral Treaties and Conventions which have been the subject of such a declaration shall be revived between the Allied and Associated Powers and Germany; all the others are and shall remain abrogated.

Altho the Allied Powers decide what treaties shall be revived, by the terms of these Treaties, Germany will still be able to

denounce most of them by giving twelve months' notice.

The above regulations apply to all bilateral Treaties or Conventions existing between any of the Allied and Associated Powers signatories to the present Treaty and Germany, even if the said Allied and Associated Powers have not been in a state of war with Germany.

ARTICLE M.

Enemy treaties entered into during the war are abrogated by this clause.

Germany recognizes that all the Treaties, Conventions or Agreements which she has concluded with Austria, Bulgaria, Hungary or Turkey since the 1st August, 1914, until the bringing into force of the present Treaty are, and shall remain, abrogated by the present Treaty.

ARTICLE N.

Most-favored-Nation treatment under pre-war enemy treaties.

Germany undertakes to secure, fully and unconditionally, to the Allied and Associated Powers, and to the officials and subjects of the said Powers, the enjoyment of all the rights and advantages of any kind which she may have granted to Austria, Bulgaria, Hungary or Turkey, or to the officials and subjects of these States, by Treaties, Conventions or Arrangements concluded before the 1st August,

U. S. reserves privilege of referring this to the State Department for further consideration.

1914, so long as these Treaties, Conventions, and Arrangements remain in force.

The Allied or Associated Powers reserve the right to accept or not the enjoyment of these rights and advantages.

ARTICLE O.

Enemy treaties
with Russia and
Roumania
abrogated.

Germany recognizes that all Treaties, Conventions or Arrangements which she concluded with Russia, or with any State or Government of which the territory previously formed a part of Russia, or with Roumania, before the 1st August, 1914, or after that date until the putting into force of the present Treaty, are, and shall remain, abrogated.

This abrogates
all German
treaties with
Finland, as well
as with the
Ukraine.

ARTICLE P.

Annuls conces-
sions, etc.
granted under
pressure by
Russia to
Germany.

Should an Allied or Associated Power signatory to the present Treaty, or Russia, or a State or Government of which the territory formerly constituted a part of Russia, have been forced, since the 1st August, 1914, by reason of military occupation, or by any other means or for any other cause, to grant or allow to be granted by the act of any public authority, concessions, privileges and favors of any kind to a subject of Germany, such concessions, privileges and favors are fully and unconditionally annulled by the present Treaty.

No claims or indemnities which may result from this nullification shall be at the charge of the Allied and Associated Powers or of the Powers, States, Governments or Public Authorities which are released from their engagements by the present Article.

ARTICLE Q.

Most-favored
Nation treat-
ment under
enemy treaties
with neutrals
during the war.

From the coming into force of the present Treaty, Germany undertakes to enable the Allied and Associated Powers, and the subjects of the said Powers, to enjoy fully and unconditionally the rights and advantages of any kind which she has granted by Treaties, Conventions, or Arrangements to non-belligerent States, or the sub-

jects of these States, since the 1st August, 1914, until the bringing into force of the present Treaty, so long as these Treaties, Conventions and Arrangements remain in force.

NOTES.

The Roumanian delegation put forward an additional article with a view to the abrogation of all the privileges granted to the enemy powers or to enemy shipping companies in Danube ports. This article and an abstract from the note relating thereto are given in the general report. The Commission decided that it could not adopt the Roumanian proposition but decided to call the attention of the Peace Conference to its importance.

The Commission considered another very important group of multi-lateral treaties which it was necessary to examine in view of their combined political and economic bearing.

The group in question comprised the Act of Algeciras, the Convention of the 31st May, 1865, regarding the Cape Spartel Lighthouse, the General Act of the Brussels Conference of the 2nd July, 1890, the Declaration of the 15th June, 1910, amending the Declaration annexed to the General Act of Brussels, the Conventions of the 8th June, 1899, and 3rd November, 1906, relating to the liquor traffic in Africa, the General Act of Berlin of 26th February, 1885, and the Conventions regarding the navigation of the Danube (Paris Treaty of the 30th March, 1856, Convention of the 28th March, 1866, Treaty of the 15th March, 1871, Treaty of Berlin of the 13th July, 1878, Treaty of the 28th May, 1871 and 10th March, 1873).

The Commission considered that if these various treaties and conventions requiring to be revised were not revived, the Peace Conference should deal with the matter and take any necessary steps. As regards the Convention of the 31st May, 1865, regarding the Cape Spartel Lighthouse, the British Delegation expressed the desire that the examination of this instrument should not be overlooked by the competent Commission, and that in such examination the importance of the matter from the point of view of shipping, as well as its political aspect, should be borne in mind. The Commission recommended that this Convention should be revived except in so far as inconsistent with changes affecting the political status of Morocco.

The Commission thought finally that the formulation of suggestions concerning treaties dealing with the conduct of hostilities, such as the Geneva Convention, the Hague Conventions, etc., did not come within its competence.

PART III.

DEBTS.

SUMMARY OF CONTENTS.

MEMORANDUM BY AMERICAN DELEGATES.

COMMENTS.

Article A and Regulation X provide for a system under which clearing offices are created, one between each Allied State and Germany, for the settlement of debts. In order to make the plan workable, it is provided that:

(a.) Each State shall guarantee the payment of all debts owing by its nationals to nationals of the enemy State, except in cases of the insolvency of the debtor before the war;

(b.) The proceeds of the sale of private enemy property in each State shall be used by the said State to pay the debts of its own nationals;

(c.) Debtors and creditors in States formerly enemy are forbidden to settle their debts with each other; or to communicate with each other regarding them.

This plan may be desirable for Great Britain, but is extremely undesirable, if not actually impossible for the United States. It is accordingly recommended that it be not accepted by the United States.

1. Our Government should not accept the burden of guaranteeing the private debts owed by its citizens. This would be an obligation of unknown and probably very great proportions.

2. The Treaty should not *compel* the United States to use the private property of Germans in our country for the payment of debts owed by other Germans to our citizens. To do so might amount to confiscation; moreover, Congress has expressly reserved to itself the power to decide what shall become of the enemy property in the United States. On the other hand, there seems no objection to the United States retaining the enemy property, for the present, as a hostage or pledge to secure American rights, and then deciding in its own way what is the fair and proper course. To accept the clearing house system would commit the United States to a course which, it is firmly believed, Congress will not wish to follow.

3. To forbid our citizens from adjusting their debts and accounts with former enemies privately, would be a wholly unnecessary and unjustifiable interference with private affairs. It would be a most serious obstacle in the resumption of business and commercial relations. Our financial houses and business firms had many complicated accounts, and transactions which were suspended by war. These houses, and especially the bankers, must speedily adjust their financial accounts. Otherwise commerce cannot be properly resumed.

The Clearing House plan would compel all such adjustments and all payments to be made through governmental agencies.

As regards other countries than the United States, the adoption of the clearing house plan by some of them would be externally detrimental to their own interests, and might be ruinous to a nation whose balance of private debts was largely in favor of Germany.

The principle is already accepted, Article A, clause (c) that any Allied State may exclude itself from the operation of the clearing house plan.

ARTICLE A.

Provides for clearing house system for the collection of debts, and the use of proceeds of enemy property.

Debts payable before the war and due by nationals of one of the Contracting States residing within the territory of such State to nationals of an opposing State residing within the territory of such State, interest which has become due during the war on Government securities and bonds redeemed during the war of which the payment to the nationals of that Government or neutrals has not been suspended during hostilities, and debts which have become payable during the war and arose out of transactions or contracts the total or partial execution of which was suspended at the date of the declaration of war, shall be settled through the intermediary of clearing offices to be established by each of the High Contracting Parties within three months of the coming into operation of the present Treaty.

Should not be adopted by U. S.

The proceeds of liquidation of enemy property, rights, and interests mentioned in Article B and Regulations Y will be accounted for through the clearing offices, and disposed of by them under the conditions provided by the said article and regulations.

U. S. delegate has notified other states that it could not accept this Art. A and Reg. X. No objections made, and clause (c) permits any allied state to except itself.

The above-mentioned settlements shall be effected according to the following principles and in accordance with Regulations X annexed hereto:—

Prohibits allied and enemy nationals from settling their debts with each other, or even from communicating with each other about them.

(a.) Each of the High Contracting Parties shall prohibit as from the coming into operation of the present Treaty, both the payment and the acceptance of payment of such debts, and also all communications between the parties for the purpose of settlement of the said debts.

Requires each government to guarantee the payment of debts owed by its nationals to former enemy nationals.

(b.) Each of the High Contracting parties shall be respectively responsible for the payment of such debts due by its nationals, except in the cases where before the war the debtor was in a state of bankruptcy or failure, or had given formal indication of insolvency. Nevertheless, debts due by the inhabitants of territory invaded or occupied by the enemy before the armistice will not be guaranteed by the States of which those territories form part.

(c.) The sums due to the nationals of one of the High Contracting Parties by the nationals of the other will be debited to the clearing office of the country of the debtor and will be paid to the creditors by the clearing office of the country of the creditor.

(d.) [Rate of Exchange.]*

Permits any Allied state to decline to adopt Art. A and Reg. X.

(e.) The provisions of Article A and Regulations X shall not apply as between Germany on the one hand and any one of the Allied or Associated States, their colonies or protectorates, or any one of the British Dominions or India on the other hand, unless within a period of six months from the coming into force of the present Treaty, notice to that effect is given to Germany by the Government of such Allied or Associated State or of such Dominion or of India as the case may be.

(f.) The Allied or Associated States who have adopted Article A and Regulations X may agree between themselves to apply these Regulations to their respective nationals established in their territory so far as regards matters between nationals and German nationals. In this case the payments made by application of this provision will be subject to arrangements between the Allied and Associated offices concerned.

* NOTE.— The Economic Commission considers that the basis of the rate of exchange for the operation of the clearing offices shall be fixed by the Financial Commission, and it has referred to that Commission the suggestions put forward by the different Delegations.

REGULATIONS X.

1. Each of the High Contracting Parties will, within three months of the coming into operation of the present Treaty, establish a clearing office for the collection and payment of enemy debts.

Should not be
adopted by
U. S.

Local clearing offices may be established for any particular portion of the territories of the High Contracting Parties. Such local clearing offices may perform all the functions of a central clearing office in their respective districts, except that all transactions with the clearing office in the enemy country must be effected through the central clearing office.

2. In the present Regulations the debts referred to in the first paragraph of Article A of the present Treaty are described as "enemy debts," the persons from whom the same are due as "enemy debtors," the persons to whom they are due as "enemy creditors," the clearing office in the country of the creditor is called the "Creditor Clearing Office," and the clearing office in the country of the debtor is called the "Debtor Clearing Office."

3. The High Contracting Parties will subject contraventions of paragraph (a) of Article A of the present Treaty to the same penalties as are at present provided by their legislation for trading with the enemy. They will similarly prohibit within their territory all legal process relating to payment of enemy debts, except in accordance with the provisions of the present Regulations.

4. The Government guarantee specified in paragraph (b) of Article A shall take effect whenever, for any reason, a debt shall not be recoverable, except in a case where, at the date of the outbreak of war the debt was barred by the laws of prescription in force in the country of the debtor, or where the debtor was at that time in a state of bankruptcy or failure or had given formal indication of insolvency. In such case the procedure specified by the present Regulations shall apply to payment of the dividends due or accruing due by the trustee.

The terms "bankruptcy" and "failure" refer to the application of legislation providing for such juridical conditions, the expression "formal indication of insolvency" includes a similar juridical condition provided for in English law.

5. Creditors shall give notice within six months to the Creditor Clearing Office of debts due them, and shall furnish the clearing office with any documents and information required of them.

The High Contracting Parties will take all suitable measures to trace and punish collusion between enemy creditors and debtors. The clearing offices will communicate to one another any evidence and information which might help the discovery and punishment of such collusion.

The High Contracting Parties will facilitate as much as possible postal and telegraphic communications at the expense of the parties concerned and through the intermediary of the clearing offices between debtors and creditors desirous of coming to an agreement as to the amount of their debt.

The Creditor Clearing Office will notify the Debtor Clearing Office of all debts declared to it. The Debtor Clearing Office will, in due course, inform the Creditor Clearing Office which debts are admitted and which debts are contested. In the latter case, the Debtor Clearing Office will give the grounds for the non-admission of the debt.

6. When a debt has been admitted, in whole or in part, the Debtor Clearing Office will at once credit the Creditor Clearing Office with the amount admitted, and at the same time notify it of such credit.

Does not apply
to U. S.

7. If, within the space of three months (unless the Creditor Clearing Office has agreed to an extension) the Debtor Clearing Office has not given notice whether the debt is or is not admitted, the debt shall be deemed to be admitted in full and shall be credited forthwith to the Creditor Clearing Office.

8. When the whole or part of a debt is not admitted the two clearing offices will examine into the matter jointly and will endeavor to bring the parties to an agreement.

9. The Creditor Clearing Office will pay to the individual creditor the sums credited to it out of the funds placed at its disposal by the Government of its country and in accordance with the conditions fixed by the said Government, retaining any sums considered necessary to cover risks, expenses or commissions.

10. Any person having claimed payment of an enemy debt which is not admitted in whole or in part shall pay to the clearing office, by way of fine, interest at 5 per cent. on the part not admitted. Any person having unduly refused to admit the whole or part of a debt claimed from him shall pay, by way of fine, interest at 5 per cent. on the amount with regard to which his refusal shall be disallowed.

Such interest shall run from the date of expiration of the period provided for in paragraph 7 till the date on which the claim shall have been disallowed or the debt paid.

Each clearing office shall in so far as it is concerned take steps to collect the fines above provided for, and will be responsible if such fines cannot be collected.

The fines will be credited to the other clearing office, which shall retain them as a contribution towards the cost of carrying out the present regulations.

11. The balance shall be struck monthly and the credit balance paid in cash by the debtor State within a week.

Nevertheless, any credit balances which may be due by one or more of the Allied or Associated States shall be retained until complete payment shall have been effected of the sums due to the Allied or Associated States or their nationals on account of the war.

12. To facilitate discussion between the Clearing Offices each of them shall have a representative in the town in which the other is established.

13. Except for special reasons all discussions in regard to claims will, so far as possible, take place at the Debtor Clearing Office.

14. In conformity with Article A, paragraph (b), the High Contracting Parties are responsible for the payment of the enemy debts owing by their nationals.

The Debtor Clearing Office will therefore credit the Creditor Clearing Office with all debts admitted, even in case of inability to collect them from the individual debtor. The Governments concerned will, nevertheless, invest their respective clearing offices with all necessary powers for the recovery of debts which have been admitted.

As an exception, the admitted debts of persons having suffered injury from acts of war shall only be credited to the Creditor Clearing Office when the compensation due to the person concerned in respect of such injury shall have been paid.

Does not apply
to U. S.

15. Each Government will defray the expenses of the Clearing Office set up in its territory, including the salaries of the staff and the various expenses.

16. Where the two clearing offices are unable to agree whether a debt claimed is due, or in case of a difference between an enemy debtor and an enemy creditor, or between the clearing offices, the dispute shall either be referred to arbitration if the parties so agree under conditions fixed by agreement between them, or referred to the Mixed Arbitral Tribunal provided for in Article I.

At the request of the Creditor Clearing Office the dispute may, however, be submitted to the jurisdiction of the Courts of the place of domicile of the debtor.

17. Recovery of sums found by the Mixed Arbitral Tribunal, the Court, or the Arbitration Tribunal to be due shall be effected through the clearing offices as if these sums were debts admitted by the Debtor Clearing Office.

18. Each of the Governments concerned shall appoint an agent who will be responsible for the presentation to

the Mixed Arbitral Tribunal of the cases conducted on behalf of its clearing office. This agent will exercise a general control over the representatives or counsel employed by its nationals for the conduct of their cases.

Decisions will be arrived at on documentary evidence, but it will be open to the Tribunal to hear the parties in person, or according to their preference by their representatives approved by the two Governments, or by the agent referred to in the preceding paragraph, who shall be competent to intervene along with the party or to re-open and maintain a claim abandoned by the same.

19. The clearing offices concerned will lay before the Mixed Arbitral Tribunal all the information and documents in their possession, so as to enable the Tribunal to decide rapidly on the cases which are brought before it.

20. Where one of the parties concerned appeals against the joint decision of the two clearing offices he shall make a deposit against the costs, which deposit shall only be refunded when the first judgment is modified in favor of the appellant and in proportion to the success he may attain, his opponent in case of such a refund being required to pay an equivalent proportion of the costs and expenses. Security accepted by the Tribunal may be substituted for a deposit.

A fee of 5 per cent. of the amount in dispute shall be charged in respect of all cases brought before the Tribunal. This fee shall, unless the Tribunal directs otherwise, be borne by the unsuccessful party. Such fee shall be added to the deposit referred to in the preceding paragraph. It is also independent of the security provided for by the same paragraph.

The Tribunal may award to one of the parties a sum in respect of the expenses of the proceedings.

Any sum payable under this paragraph shall be credited to the clearing office of the successful party as a separate item.

Does not apply
to U. S.

21. With a view to the rapid settlement of claims, due regard shall be paid in the appointment of all persons connected with the clearing offices or with the Mixed Arbitral Tribunal to knowledge of the language of the other country concerned. Each of the clearing offices will be at liberty to correspond with the other, and to forward documents in its own language.

22. Subject to any special agreement to the contrary between the Governments concerned, debts shall carry interest in accordance with the following provisions :—

Interest shall not be payable on sums of money due by way of dividend, interest, or other periodical payments which themselves represent interest on capital.

The rate of interest shall be 5 per cent. per annum except in cases where, by contract, law, or custom, the creditor is entitled to payment of interest at a different rate. In such cases the rate to which he is entitled shall prevail.

Interest shall run from the date of commencement of hostilities (or, if the sum of money to be recovered fell due during the war, from the date at which it fell due) until the sum is credited to the clearing office of the creditor.

Sums due by way of interest shall be treated as debts admitted by the clearing offices and shall be credited to the Creditor Clearing Office in the same way as such debts.

23. Where by decision of the clearing offices or the Mixed Arbitral Tribunal a claim is not recognized as an enemy debt, the creditor shall be at liberty to prosecute the claim before the Courts, or in any other way open to him. The presentation of a claim to the clearing office prevents the time of limitation of right of action from running.

24. The High Contracting Parties agree to regard the decisions arrived at in accordance with the provisions of these regulations as final and conclusive, and to render them binding upon their nationals.

25. In any case where a Creditor Clearing Office declines to notify a claim to the Debtor Clearing Office, or to take any step provided for in these Regulations, intended to make effective in whole or in part a request of which it has received due notice, the enemy creditor shall be entitled to receive from the Clearing Office a certificate setting out the amount of the claim, and shall then be entitled to prosecute the claim before the courts or in any other way open to him.

PART IV.
PROPERTY, RIGHTS AND INTERESTS.

SUMMARY OF
CONTENTS.

MEMORANDUM BY AMERICAN DELEGATES.

COMMENTS.

The principles for dealing with enemy property are as follows:

1. Germany is required to restore to the owners all private property seized in Germany, not already sold. As regards all such property which has been sold, it must either restore the property or pay the proceeds of sales to the Government of the owner. Germany is also required to pay for any damages or injuries inflicted by its Government upon the private property of the nationals of Allied citizens in Germany. The amount of said damages or injuries is to be determined by a mixed tribunal with a neutral president.

The Allied countries are allowed to hold the property of German nationals in their countries, and *at their option* to sell such property and use the proceeds: (1) to pay for the property of their citizens not restored or paid for by Germany; or (2) to pay for damages to their property in Germany; or (3) to pay debts of their nationals owed by nationals of Germany. In case, however, Germany keeps its obligation to restore or pay for the Allied property in Germany, the Allied Countries would not have to use the proceeds of German property for such purposes.

2. In addition, the Allied Countries are allowed, *at their option*, to use the German private property which is in their countries, to pay other claims against Germany, in accordance with the other terms of the Treaty.

3. Germany agrees to compensate its own nationals for any property of theirs retained or sold by the Allied States.

The adoption of the above principles will leave the United States free to deal with German property in the United States as Congress may decide. It may

(a) return all or any part of the property to the former owners;

(b) sell all or any part of such property and use all or any part of the proceeds of all sales to pay the claims of American citizens on account of their property and rights in Germany;

(c) use the proceeds of such sales to pay any claims against Germany which may arise according to the other terms of the Treaty (e. g. on possible reparation or indemnity account).

The Trading with the Enemy Act provides that the ultimate disposition of the enemy property taken by the Alien Property Custodian shall be decided by Congress, after the war. The above plan provides for Germany's consent to this enactment. The United States agrees, however, to give due credit to Germany, for any property of its citizens (including the proceeds of sales) which the United States may apply to the purposes specified above and to give due credit either to Germany or to its nationals for the remainder of

such property or proceeds, not so applied. This stipulation expressly excludes the idea that the United States will confiscate any property.

Meanwhile all acts under war legislation in all countries, including Germany, in dealing with enemy property, are confirmed, so that the titles to property sold by the Alien Property Custodian in the United States, as well as the titles to that sold by the German Government, are confirmed. This is intended to preclude, as far as possible, litigation to question such titles. The United States must, however, elect not to accept Article A and Regulation X of Part III (Pre-War Debts) as explained in the comments on that part.

ARTICLE B.

The question of private property, rights and interests in enemy countries shall be settled according to the provisions of the annexed Regulations Y, which carry out and apply the following principles:

(a.) The exceptional war measures and measures of transfer defined in paragraph 3 of Regulations Y taken by Germany with respect to the property, rights and interests of nationals of Allied and Associated States when the liquidation has not already been completed shall be immediately discontinued or stayed and the property, rights, and interests concerned restored to their owners, who shall enjoy full rights therein in accordance with the provisions of Article C.

(b.) Subject to any contrary stipulations which may be provided for in the present Treaty, the Allied and Associated States reserve the right to retain and liquidate all property, rights and interests of German nationals or companies controlled by them within their territories, colonies, possessions and protectorates such as result from the Treaty of Peace. The liquidation shall be carried out in accordance with the laws of the Allied or Associated State concerned, and the German owner shall not be able to dispose of such property, rights or interests nor subject them to any charge without the consent of that State.

German nationals who automatically acquire the nationality of an Allied or Associated State in accordance with the provisions of the Treaty of Peace will not be considered as German nationals within paragraph (b).

For brevity, in the margin and memorandum, "Allied" will include "Associated."

(a) Requires the restoration of Allied property in Germany, not already sold.

(b) Authorizes the Allies to sell in future German property in their territory, at their option. Does not apply to past sales.

(b) Probably the U. S. will not make any more sales.

(c.) The prices and valuations for future sales in Allied countries will be fixed by such countries.

(d.) All sales and action heretofore taken in all states, including Germany, are confirmed.

(e.) Claims of Allied citizens for injuries to their property in Germany to be settled by a new court with a neutral president. Such claims shall be assumed by Germany, and may be paid by Allied states out of German property in their hands.

(f.) Requires the restoration of property sold, but, under (g.), applies only to countries

(c.) The price or the amount of compensation in respect of the exercise of the right referred to in the preceding paragraph (b) will be fixed in accordance with the principles of sale or valuation determined by the laws of the country in which the property shall have been retained or liquidated.

(d.) As between the Allied and Associated States or their nationals on the one hand, and Germany or her nationals on the other hand, all the exceptional war measures or measures of transfer or acts done or to be done in execution of such measures as defined in Regulations Y, paragraphs 1 and 3, shall be considered as final and binding as to all persons except as regards the reservations provided in the present Treaty or its annexes.

[Additional sentence proposed April 23 by American Delegation: "But this paragraph and the said Regulations Y shall not affect the rights of Allied and Associated States, or their nationals as between one another."]

(e.) The claims made by the nationals of Allied or Associated States in respect of damage or injury inflicted upon their property, rights or interests, or on any company or association in which they are interested in German territory by the application either of exceptional war measures or of measures of transfer mentioned in Regulations Y, paragraphs 1 and 3, shall be investigated, and the total of the compensation due to the claimant shall be determined by the mixed Arbitral Tribunal provided for in Article I or by an Arbitrator appointed by that Tribunal. This compensation will be borne by Germany, and may be charged upon the property of German nationals within the territory or under the control of the claimant's State. This property may be constituted as a pledge for enemy liabilities under the conditions fixed by Regulations Y, paragraph 4. The payment of this compensation may be made by the Allied or Associated State, and the amount will be debited to Germany.

(f.) Whenever an Allied or Associated owner of property which has been subjected to a measure of transfer in German territory expresses a desire for its restitution, his

(c.) This relates to future sales only.

(f.) Does not apply to U. S.

which have not
sold German
property.

claim for compensation in accordance with paragraph (e) shall be satisfied by the restitution of the said property if it still exists in specie.

In such case Germany shall take all necessary steps to restore the evicted owner to the possession of his property, free from all encumbrances or burdens with which it may have been charged after the liquidation, and to indemnify all third parties injured by the restitution.

If the restitution provided for in the first paragraph cannot be effected, private agreements arranged by the intermediation of the States concerned or the offices provided for in Regulations X may be made, in order to secure that the Allied or Associated national be compensated for the injury referred to in paragraph (e) by the grant of advantages or equivalents which he agrees to accept in place of the property, rights or interests from which he was evicted.

Through restitution in accordance with this article the price or the amount of compensation fixed by the application of paragraph (e) will be reduced by the actual value of the property restored, account being taken of compensation in respect of use or deterioration.

(g.) The rights conferred by paragraph (f) are reserved to owners who are nationals of Allied or Associated States within whose territory legislative measures prescribing the general liquidation of enemy property, rights or interests were not applied before the signature of the armistice.

(h.) Except in cases where, by an application of paragraph (f), restitutions in specie have been made, the net proceeds of sales of enemy property carried out either by virtue of exceptional war legislation, or by application of the present Treaty or its annexes, and in general all cash assets of enemies, shall be dealt with as follows:—

(h) Requires that proceeds of sales of enemy property in Allied states shall be credited to Germany. Such proceeds may be used to pay claims of allied nationals, or claims against Germany under reparation clauses.

(i) Requires Germany to pay its own nationals for their property if taken by Allied states.

(i.) As regards countries adopting Article A and Regulations X, the said proceeds and cash assets shall be credited through the clearing office established by the said Article and Regulations to the State of which the owner is a national.

The U. S. does not accept Art. A Reg. X of Part iii (printed above) and therefore (h) ii will apply. This leaves the use of enemy property in U. S. to future action by Congress.

(ii.) As regards countries not adopting Article A and Regulation X, the proceeds of the property, and the cash assets, of the nationals of Allied and Associated States held by Germany shall be paid immediately to the person entitled thereto or to his Government; the proceeds of the property, and the cash assets, of German nationals received by an Allied or Associated State may be used by the said State, in accordance with its laws, in payment of the claims and debts of its nationals specified in Regulations Y, paragraph 4, or in payment of claims against Germany in accordance with the other terms of this Treaty. Credit shall be given to Germany for the proceeds and cash assets so used, and the remainder, if any, shall be credited to Germany or its nationals.

(i.) Compensation which may be due to German nationals in respect of the sale or retention of their property, rights or interests in Allied or Associated States will be paid by Germany.*

ARTICLE C.

Germany undertakes, with regard to the property, rights and interests restored to nationals of Allied and Associated countries in accordance with the provisions of Article B, paragraph (a) or (f).

(a.) To restore and maintain, except as expressly provided in the present Treaty, the property, rights and interests of the nationals of Allied or Associated States in the legal position obtaining in respect of the property, rights and interests of German nationals under the laws in force before the war.

(b.) Not to subject the property, rights or interests of the nationals of the Allied or Associated States to any measure in derogation of property rights which is not applied equally to the property, rights and interests of its own

The United States entered a reservation in regard to the words "in accordance with the other terms of this treaty," and recommended that the words be, "specified in this treaty." A memorandum will be sent to the State Department in explanation of this recommendation.

*[Revised wording proposed by American Delegation April 23: "Germany undertakes to compensate its nationals in respect of the sale or retention of their property, rights or interests in Allied or Associated States."]

nationals, and to pay adequate compensation in the event of the application of such measure. * *

Regulations Y.

1. Merely amplifies Art. B (d); applies to all countries alike, including Germany.

1. In accordance with the provisions of Article B, paragraph (d), the validity of vesting orders and of orders for the winding up of businesses or companies, and of any other orders, directions or authorities of any court or any department of the Government of any of the High Contracting Parties made or given, or purporting to be made or given, in pursuance of war legislation with regard to enemy property, rights and interests is confirmed. The interests of all persons shall be regarded as having been effectively dealt with by any order, direction, decision or instruction dealing with property in which they may be interested, whether such interests are specifically mentioned in the order, direction, decision, or instruction or not. No question shall be raised as to the regularity of a transfer of any property or rights dealt with in pursuance of any such order, direction, decision or instruction.

1. Most important, as it validates action of Alien Property Custodian, so far as German property in U. S. is concerned.

Every action taken with regard to any property, business, or company, whether as regards its investigation, sequestration, compulsory administration, use, requisition, supervision, or winding-up, the sale or management of property rights or interests, the collection or discharge of debts, the payment of costs, charges or expenses, or any other matter whatsoever, in pursuance of orders, directions, decisions, or authorities of any court or of any department of the Government of any of the High Contracting Parties, made or given, or purporting to be made or given, in pursuance of war legislation with regard to enemy property or interests, is confirmed.

**The following paragraph of this article, which was originally proposed by the French Delegation, was supported by the Italian, Polish, Portuguese, Roumanian and Serbian Delegations, and opposed by the United States, British, Japanese, Belgian and Chinese Delegations:

"Not to apply to the said property, rights or interests any charge, tax or contribution, the effect of which would be to make them assist in the payment of the indemnities due by Germany on account of the war."

Provided that the provisions of this paragraph shall not be held to prejudice the titles to property heretofore acquired in good faith and for value and in accordance with the laws of the country in which the property is situated by nationals of the Allied and Associated Countries.*

This proviso is intended to preserve rights of our citizens who bought property of Germans in good faith before we entered the war.

The provisions of this paragraph do not apply to such of the above-mentioned measures as have been taken by the German authorities in invaded or occupied territory.

2. Prevents claims being brought by Germany or its nationals on account of war measures.

2. No claim or action shall be made or brought against any Allied or Associated State or against any person acting on behalf of or under the direction of any legal authority or Department of the Government of such a State by Germany or by any German national wherever resident in respect of any act or omission with regard to his property, rights or interests during the war or in preparation for the war. Similarly no claim or action shall be made or brought against any person in respect of any act or omission under or in accordance with the exceptional war measures, laws or regulations of any Allied or Associated State.

2. Intended to prevent claims on account of operation of our war legislation, e. g. black list of War Trade Board.

3. Merely defines the terms used.

3. In Article B the expression "exceptional war measures" includes measures of all kinds, legislative, administrative, judicial, or otherwise that have been taken or will be taken hereafter with regard to enemy property, and which have had or will have the effect of removing from the proprietors the power of disposition over their property, though without affecting the ownership, such as measures of supervision, of compulsory administration, and of sequestration; or measures having as an object the seizure of, the use of, or the interference with enemy assets, for whatsoever motive, under whatsoever form or in whatsoever place. Acts in the execution of these measures include all detentions, instructions, orders or decrees of Government departments or courts applying these measures to enemy property, as well as acts executed by any person connected with the administration or the super-

*[Additional paragraph proposed by American Delegation April 23:

"No rights of any Allied or Associated Power or its nationals which existed prior to the entry of such Power into the war shall be prejudiced by the provisions of Article B or Regulations Y."]

vision of enemy property, such as the payment of debts, the collecting of credits, the payment of any costs, charges, or expenses, collecting of fees, etc.

Measures of transfer are those which have affected or will affect the ownership of enemy property by transferring it in whole or in part to a person other than the enemy owner, and without his consent, such as measures directing the sale, liquidation, or devolution of ownership in enemy property, the cancelling of titles or securities, etc.

4. All property, estates, goods and interests of German nationals within the territory of any Allied or Associated State and the net proceeds of their sale, liquidation or other dealing therewith may be charged by that Allied or Associated State in the first place with payment of amounts due in respect of claims by the nationals of that Allied or Associated State, with regard to their property, estates, goods, and interests in German territory, or debts owing to them by German nationals. They may be charged in the second place with payment of the amounts due in respect of claims by the nationals of such Allied or Associated State with regard to their property, estates, goods and interests in other enemy States, or debts owing to them by nationals of such States in so far as those claims are otherwise unsatisfied.

4. U. S. objects to last sentence which, although merely permissive, allows allied state to charge property of German nationals with claims of allied nationals against nationals of other enemy states, e.g. Austria or Turkey.

5. Provides protection for an Allied Corporation from unfair use of its devices in a neutral country, through seizure of the subsidiary of such Allied Corporation in Germany.

5. Notwithstanding the provisions of Article B where immediately before the outbreak of war a company incorporated in an Allied or Associated State had rights in common with a company controlled by it and incorporated in Germany to the use of trade marks in third countries, or enjoyed the use in common with such company of unique means of reproduction of goods or articles for sale in third countries, the former company shall alone have the right to use these trade-marks in third countries to the exclusion of the German company, and these unique means of reproduction shall be handed over to the former company, notwithstanding any action taken under German war legislation with regard to the latter company or its business, industrial property or shares. Nevertheless, the former

5. Very special case. U. S. probably not concerned.

company, if requested, shall deliver to the latter company derivative copies permitting the continuation of reproduction of articles for use within German territory.

6. As provided in the present Treaty, the German Government is responsible for the conservation of property, rights and interests of the nationals of the Allied or Associated States that have been subjected to exceptional war measures, up to the time when restitution is carried out in accordance with Article B.

7. Within one year from the date of the Treaty coming into force the Allied or Associated States will specify the property, rights and interests over which they intend to exercise the right provided in Article B paragraph (f).

8. The restitution provided in Article B will be carried out by order of the German Government or of the authorities who have taken its place.

Detailed accounts of the action of administrators shall be furnished to the interested persons by the German authorities upon request, which may be sent in at any time after the signature of the present Treaty.

9. Until completion of the liquidation provided for by Article B, (paragraph (b)), the property, rights and interests of German nationals will continue to be subject to exceptional war measures that have been or will be taken with regard to them.

9. Of little effect in U. S., without additional Act of Congress.

10. Extremely important clause, as we cannot adjust serious complications regarding German properties in U. S. without information sent from Germany.

10. Germany will, within six months from the coming into operation of the present Treaty, deliver to each Allied or Associated State all securities, certificates, deeds, or other documents of title held by its nationals and relating to property, rights or interests situated in that Allied or Associated State, including any shares, stock,* debentures, debenture stock, or other obligations of any company incorporated in accordance with the laws of such State. Germany will at any time on demand of any Allied or Associated State furnish such information as may be required with regard to the property, rights and interests of German nationals within the territory of such Allied or Associated State, or with regard to any

transactions concerning such property, rights or interests effected since 1st July, 1914.

11. The expression "cash assets" includes all deposits or funds established before or after the declaration of war, as well as all assets coming from deposits, revenues, or profits collected by administrators, sequestrators, or others from funds placed on deposit, etc.

12. Applies to all countries and requires funds invested to be accounted for irrespective of investment.

12. All investments effected with the cash assets of enemies, whether in the territory of the State responsible for the administration or in Allied territory which Germany occupied, by persons responsible for the administration of enemy properties or having control over the administration, or by order of such persons or of any authority whatsoever, shall be annulled. These cash assets shall be accounted for irrespective of any such investment.

13. Detail regarding return of Allied property by Germany.

13. Within one month from the coming into operation of the present Treaty, and on demand at any time, Germany will deliver to the Allied and Associated States all accounts, vouchers, records, documents, and information of any kind which may be within German territory, and which concern the property, rights and interests of the nationals of those States that have been subjected to an exceptional war measure, or to a measure of transfer either in German territory or in the Allied territory which Germany has occupied.

The controllers, supervisors, managers, administrators, sequestrators, liquidators, and receivers shall be personally responsible under guarantee of the German Government for the immediate delivery in whole of these accounts and documents, and for their accuracy.

14. Makes clear that debts, and accounts are included as property.

14. The provisions of Article B and Regulations Y relating to property, rights and interests in enemy countries, and the proceeds of the liquidation thereof, apply to debts, credits and accounts, Article A and Regulations X regulating only the method of payment.*

14. In U. S., Alien Property Custodian has already adopted this method.

*[Additional sentence proposed by American Delegation April 23: "The property, rights and interests of nationals of the Allied and Associated Powers include any substantial interest of such nationals in companies or associations organized under German law".]

In the settlement of matters provided for in Article B between Germany and the Allied or Associated States, their colonies or protectorates, or any one of the British Dominions or India, in respect of which a declaration shall not have been made that they adopt Article A and Regulations X, and between their respective nationals, the provisions of Article A respecting currency in which payment is to be made and the rate of exchange shall apply.

Rate of exchange very important. Referred to Finance Commission and not finally decided yet.

15. Questions concerning industrial, literary, or artistic property are regulated by other provisions of the present Treaty, except so far as they have been or will be dealt with in the liquidation of property, rights, interests, companies or businesses under war legislation, or in accordance with the stipulations of the present Treaty.

A provisional clause, which will be eliminated on final drafting and comparison with other treaty clauses.

PART V.
CONTRACTS, PRESCRIPTIONS, JUDGMENTS,
MIXED ARBITRAL TRIBUNAL.

SUMMARY OF
CONTENTS.

MEMORANDUM BY AMERICAN DELEGATES.

COMMENTS.

Pre-war contracts.—Most of the other countries have insisted upon a general plan by which contracts existing before the war, between their nationals and nationals of Germany shall be generally cancelled. There are some exceptions like pecuniary liabilities; and some special kinds of contracts like insurance are otherwise treated. The United States, Brazil, and Japan, however, have not adhered to this plan, and are expressly excepted from its operation.

In the United States many contracts were dissolved, under our laws, by the state of war. Examples are: partnerships; contracts requiring communication with the enemy; and, under decisions of our courts, contracts the performance of which was rendered unjust or inequitable on account of the changed conditions produced by the state of war. Other contracts were merely suspended. These last would be revived automatically under our laws, at the end of the war, and, so far as the United States is concerned, are treated as revived in this draft.

The dissolution of all contracts which are now merely suspended, would entail great confusion and hardship upon many persons and businesses, including both those of the United States and of Germany; it would not seem just to cancel such contracts without the consent of the owners.

The other countries represented on the Economic Commission have appreciated the position of the United States in this respect and have consented that this country, as well as Brazil and Japan should leave unchanged the legal status of contracts to which their nationals are parties.

Provision is made, however, in Article I., whereby nationals of all the Allied and Associated Countries, the United States included, shall have access to a new tribunal with a neutral president, so that they need not be compelled to resort to German courts for the adjudication of their contractual rights after the war.

ARTICLE D.

(a.) Any contract concluded between enemies shall be regarded as having been dissolved as from the time when any two of the parties became enemies, except in respect of any debt or other pecuniary obligation arising out of

General dissolution of all pre-war contracts, with certain exceptions.

Art. D does not apply to U. S. See paragraph (c).

any act done or money paid thereunder, and subject to the exceptions and special rules with regard to particular contracts or classes of contracts contained hereinafter or in Regulations Z annexed hereto.

(b.) Any contract of which the execution shall be required in the general interest within six months from the date of coming into force of the present Treaty by the Allied or Associated Government of which one of the parties is a national shall be excepted from dissolution under this article.

The Mixed Arbitral Tribunal provided for by Article I shall be empowered, when the execution of the contract thus kept alive would, owing to the alteration of trade conditions, cause one of the parties considerable prejudice, to grant to the prejudiced party equitable compensation.

(c.) Having regard to the provisions of the constitution and law of the United States of America, of Brazil, and of Japan, neither the present article nor Article E, nor Regulations Z shall apply to contracts made between nationals of these States and German nationals, nor shall Article J apply to the United States of America or her nationals.

(d.) The present Article and Regulations Z shall not apply to contracts to which inhabitants of territories of which the sovereignty has been transferred are parties, if such parties shall acquire under the present Treaty the nationality of an Allied or Associated country. Nor shall they apply to contracts between nationals of the Allied and Associated States between whom trading has been prohibited by reason of one of the parties being in Allied or Associated territory in the occupation of the enemy.

(e.) Nothing in the present Article or Regulations Z shall be deemed to invalidate a transaction lawfully carried out in accordance with a contract between enemies if it has been carried out with the authority of one of the belligerent States.

ARTICLE E.

Details with
respect to
Art. D.

(a.) All periods of prescription or limitation of right of action, whether they began to run before or after the outbreak of war, shall be treated in the territory of the High Contracting Parties, so far as regards relations between enemies, as having been suspended for the duration of the war. They shall begin to run again at the earliest, three months after the coming into operation of the present Treaty. This provision shall apply to the period prescribed for the presentation of interest or dividend coupons or for the presentation for repayment of securities drawn for repayment or repayable on any other ground.

Art. B does not
apply to U. S.

(b.) Where, on account of the failure to perform any act or comply with any formality during the war, measures of execution have been taken in German territory to the prejudice of a national of an Allied or Associated State, the claim of such national shall, if the matter does not fall within the competence of the Courts of an Allied or Associated State, be heard by the Mixed Arbitral Tribunal provided for by Article I.

(c.) The Mixed Arbitral Tribunal shall, upon the application of the Allied or Associated party interested, order the restoration, wherever having regard to the particular circumstances of the case this is equitable and possible, of the rights which have been prejudiced by the measure of execution referred to in paragraph (b).

In the contrary case, the Mixed Arbitral Tribunal may grant compensation to the prejudiced party at the charge of the German Government.

(d.) Where a contract has been dissolved by reason either of failure on the part of either party to carry out its provisions or of the exercise of a right stipulated in the contract itself, the party prejudiced may apply to the Mixed Arbitral Tribunal for relief. The Tribunal will have the powers provided for in paragraph (c).

(*e.*) The provisions of the preceding paragraphs shall apply to the nationals of the Allied and Associated States who have been prejudiced by reason of measures referred to above taken by the enemy in invaded or occupied territory, if they have not been otherwise compensated.

(*f.*) The German Government shall compensate any third party who may be prejudiced by any measures of restitution or restoration ordered by the Mixed Arbitral Tribunal under the provisions of the preceding paragraphs.

(*g.*) As regards negotiable instruments, the period of three months provided under paragraph (*a*) shall commence as from the date on which any exceptional regulations applied in the contracting countries with regard to negotiable instruments shall have definitely ceased to have force.

ARTICLE F.

Negotiable
instruments
not rendered
invalid for
failure to pre-
sent them
during the war.

As between enemies no negotiable instrument made before the war shall be deemed to have become invalid by reason only of failure within the stipulated time to present the instrument for acceptance or payment or to give notice of non-acceptance or non-payment to drawers or indorsers or to protest the instrument, nor by reason of failure to complete any formality during the war.

Applies to U. S.

Where the period within which a negotiable instrument should have been presented for acceptance or for payment, or within which notice of non-acceptance or non-payment should have been given to the drawer or indorser, or within which the instrument should have been protested, has elapsed during the war, and the party who should have presented or protested the instrument or have given notice of non-acceptance or non-payment has failed to do so during the war, a period of not less than three months shall be allowed after ratification of the present Treaty within which presentation, notice of non-acceptance or non-payment or protest may be made.

ARTICLE G.

Abrogates judgments in German courts when allied defendant was not able to defend his rights.

If a judgment has been given during the war in respect of any dispute which may have arisen, by the German Courts against a national of an Allied or Associated State in a case in which he was not able to make his defence, the Allied and Associated national who has suffered prejudice thereby shall be entitled to recover compensation, to be fixed by the Mixed Arbitral Tribunal provided for in Article I. Applies to U. S.

At the instance of the national of the Allied or Associated State the compensation above-mentioned may, upon order to that effect of the Mixed Arbitral Tribunal, be effected where it is possible by replacing the parties in the situation which they occupied before the judgment was given by the German Court.

The above compensation may likewise be obtained before the same Tribunal by the nationals of Allied or Associated States who have suffered prejudice by judicial measures taken in invaded or occupied territories, if they have not been otherwise compensated.

REGULATIONS Z.

I.—*General Paragraphs.*

Details regarding contracts annulled by this treaty.

1. Within the meaning of Articles D, E and F the parties to a contract shall be regarded as enemies when trading between them shall have been prohibited by the laws, orders or regulations of a State to whose jurisdiction one of those parties is subject. They shall be deemed to have become enemies from the date when such trading was prohibited. Does not apply to U. S.

2. The following classes of contracts are excepted from dissolution by Article D and, without prejudice to the right of liquidation contained in Article B, (b) of Part IV, remain in force subject to the application of domestic laws, orders and regulations made during the war by the Does not apply to U. S.

Allied and Associated States, and subject to the terms of the contracts:—

(a.) Agreements having for their object the transfer of estates or of real or personal property where the property therein had passed or the object had been delivered before the parties had become enemies;

(b.) Leases and agreements for leases of land and houses;

(c.) Contracts of mortgage, pledge, or lien;

(d.) Concessions of mines or quarries or deposits;

(e.) Contracts between individuals or companies and States, provinces, municipalities, or other similar juridical persons charged with administrative functions and concessions granted by States, provinces, municipalities or other similar juridical persons charged with administrative functions.

3. If the provisions of a contract are in part dissolved under Article D, the remaining provisions of that contract shall continue in force if the provisions of such contract are severable, but where the provisions are not severable the contract shall be deemed to have been dissolved in its entirety.

Does not apply
to U. S.

II.—*Paragraphs relating to certain Clauses of Contracts.
Stock Exchange and Commercial Exchange Con-
tracts.*

Does not apply
to U. S.

4.—(a.) Rules made during the war by any recognized Exchange or Commercial Association providing for the closure of contracts entered into before the war by an enemy are confirmed by the High Contracting Parties, as also any action taken thereunder, provided—

(i.) That the contract was expressed to be made subject to the rules of the Exchange or Association in question;

(ii.) That the rules in question applied to all persons concerned;

(iii.) That the conditions attaching to the closure were fair and reasonable.

(b.) The preceding paragraph shall not apply to the rules made during the occupation by Exchanges or Commercial Associations in the districts occupied by the enemy.

(c.) The closure of contracts relating to cotton "futures," which were closed as on 31st July, 1914, under the decision of the Liverpool Cotton Association, is also confirmed.

Security.

5. The sale of a security for a debt owing by an enemy shall be deemed to have been valid if the debt was unpaid irrespective of notice to the owner if the creditor acted in good faith and with reasonable care and prudence, and no claim by the debtor on the ground of such sale shall be admitted.

Does not apply
to U. S.

This stipulation shall not apply to any sale of securities effected by an enemy during the occupation in regions occupied by the enemy.

Negotiable Instruments.

6. So far as regards countries which adopt Regulations X the pecuniary obligations existing between enemies and resulting from the issue of negotiable instruments shall be adjusted in conformity with the said Regulations by the instrumentality of the Clearing Offices, which shall assume the rights of the holder as regards the various remedies open to him.

Does not apply
to U. S.

7. If a person has either before or during the war assumed liability upon a negotiable instrument in accordance with an undertaking given to him by a person who has subsequently become an enemy, the latter shall remain liable to indemnify the former in respect of his liability notwithstanding the outbreak of war.

Does not apply
to U. S.

III.—*Contracts of Insurance.*

8. Contracts of insurance entered into by any person with another person who subsequently became an enemy will be dealt with in accordance with the following paragraphs :—

Does not apply
to U. S.

Fire Insurance.

9. Contracts for the insurance of property against fire entered into by a person interested in such property with another person who subsequently became an enemy shall not be deemed to have been dissolved by the outbreak of war, or by the person becoming an enemy, or on account of the failure during the war and for a period of three months thereafter to perform his obligations under the contract, but they shall be dissolved from the time of the annual premium becoming due three months after the coming into operation of the present Treaty.

Does not apply
to U. S.

A settlement of unpaid premiums which became due during the war, or of claims for losses which occurred during the war shall be effected.

10. Where by administrative or legislative action an insurance against fire effected before the war has been transferred during the war from the original to another insurer, the transfer will be recognized and the liability of the original insurer will be deemed to have ceased as from the date of the transfer. The original insurer will, however, be entitled to receive on demand full information as to the terms of the transfer, and if it should appear that these terms were not equitable they shall be amended so far as may be necessary to render them equitable.

Does not apply
to U. S.

Furthermore, the insured shall, subject to the concurrence of the original insurer, be entitled to retransfer the contract to the original insurer as from the date of the demand.

Life Insurance.

11. Contracts of life insurance entered into between an insurer and a person who subsequently became an enemy shall not be deemed to have been dissolved by the outbreak of war, or by the person becoming an enemy.

Does not apply
to U. S.

Any sum which during the war became due upon a contract deemed not to have been dissolved under the preceding paragraph shall be recoverable after the war with the addition of interest at 5 per cent. per annum from the date of its becoming due up to the day of payment.

Where the contract has lapsed during the war owing to nonpayment of premiums, or has become void from breach of the conditions of the contract, the assured or his representatives or the persons entitled shall have the right at any time within twelve months of the coming into force of the present Treaty to claim from the insurer the surrender value of the policy at the date of its lapse or avoidance.

Where the contract has lapsed during the war owing to nonpayment of premiums the payment of which has been prevented by the enforcement of measures of war, the policy-holder or his representatives or the persons entitled shall have the right to restore the contract on payment of the premiums with interest at five per cent. per annum within three months from the coming into operation of the present Treaty.

12. Any Allied and Associated Power may within three months of the coming into operation of the present Treaty cancel all the contracts of insurance running between a German insurance company and its national under conditions which shall protect its nationals from any prejudice.

Does not apply
to U. S.

Text Previously Adopted by the Commission as a Compromise: *New Text Proposed by the Belgian Delegation:*

To this end the German insurance company will hand over to the Allied or Associated Government concerned the proportion of its assets attributable to the policies so cancelled and will be relieved from all liability in respect of such policies. The assets to be handed over shall be determined by an actuary appointed by the Mixed Arbitral Tribunal.

To this end, if the contracts are continued by national or Allied companies, the previous insurer shall be bound to pay the amount of the mathematical reserve to the Government of the new insurer. The said Government shall be responsible for transferring the amount to the new insurers. The mathematical reserve shall be calculated in accordance with the decree of the 20th January, 1906, for the application of the French law of the 17th March, 1905, relative to the supervision and control of life assurance companies.

The payment may be extended over a period of ten years at the most, interest being calculated at a rate of one-half per cent above that on which the mathematical reserves were calculated.*

*This text was referred by the Commission to a Sub-Commission which was unable to come to an agreement, the Belgian, French, and Roumanian Delegations supporting it, and the United States and British Delegations stating they could not accept it.

13. Where contracts of life insurance have been entered into by a local branch of an insurance company established in a country which subsequently became an enemy country, the contract shall, in the absence of any stipulation to the contrary in the contract itself, be governed by the local law, but the insurer shall be entitled to demand from the insured or his representatives the refund of sums paid on claims made or enforced under measures taken during the war, if the making or enforcement of such claims was not in accordance with the terms of the contract itself nor consistent with the laws or treaties existing at the time when it was entered into.

Does not apply
to U. S.

14. In any case where by the law applicable to the contract the insurer remains bound by the contract notwithstanding the non-payment of premiums until notice is given to the insured of the termination of the contract, he shall be entitled where the giving of such notice was prevented by the war to recover the unpaid premiums with interest at five per cent. per annum from the insured.

Does not apply
to U. S.

15. Insurance contracts shall be considered as contracts of life assurance for the purpose of paragraphs 11 to 14 when they depend on the probabilities of human life combined with the rate of interest for the calculation of the reciprocal engagements between the two parties.
Marine Insurance.

Does not apply
to U. S.

16. Contracts of marine insurance, including time policies and voyage policies entered into between an insurer and a person who subsequently became an enemy, shall be deemed to have been dissolved on his becoming an enemy, except in cases where the risk undertaken in the contract had attached before he became an enemy.

Does not apply
to U. S.

Where the risk had not attached, money paid by way of premium or otherwise shall be recoverable from the insurer.

Where the risk had attached, effect shall be given to the contract notwithstanding the party becoming an enemy, and sums due under the contract either by way of

premiums or in respect of losses shall be recoverable after the war.

In the event of any agreement being come to for the payment of interest on sums due before the war to or by the nationals of States which have been at war and recovered after the war, such interest shall in the case of losses recoverable under contracts of marine insurance run from the expiration of a period of one year from the date of the loss.

17. No contract of marine insurance with an insured person who subsequently became an enemy shall be deemed to cover losses due to belligerent action by the State of which the insurer was national or by the allies of such State.

Does not apply
to U. S.

18. Where it is shown that a person who had before the war entered into a contract of marine insurance with an insurer who subsequently became an enemy entered after the outbreak of war into a new contract covering the same risk with an insurer who was not an enemy, the new contract shall be deemed to be substituted for the original contract as from the date when it was entered into, and the premiums payable shall be adjusted on the basis of the original insurer having remained liable on the contract only up till the time when the new contract was entered into.

Does not apply
to U. S.

Other Insurances.

19. Contracts of insurance entered into before the war between an insurer and a person who subsequently became an enemy other than contracts dealt with in paragraphs 9 to 18 shall be treated in all respects on the same footing as contracts of fire insurance between the same persons would be dealt with under the said paragraphs.

Does not apply
to U. S.

Re-Insurance.

20. All treaties of re-insurance with a person who became an enemy shall be regarded as having been abrogated by the person becoming an enemy, but without prejudice in the case of life or marine risks which had

Does not apply
to U. S.

attached before the war to the right to recover payment after the war for sums due in respect of such risks.

Nevertheless if, owing to invasion, it has been impossible for the re-insured to find another re-insurer, the treaty shall remain in force until three months after the coming into operation of the present Treaty.

Where a re-insurance treaty becomes void under this paragraph, there shall be a reciprocal adjustment of accounts between the parties in respect both of premiums paid and payable and of liabilities for losses in respect of life or marine risks which had attached before the war. In the case of risks other than those mentioned in paragraphs 11 to 18 the adjustment of accounts shall be made as at the date of the parties becoming enemies without regard to claims for losses which may have occurred since that date.

21. The provisions of the preceding paragraph will extend equally to re-insurances existing at the date of the parties becoming enemies of particular risks undertaken by the insurer in a contract of insurance against any risk other than life or marine risks.

Does not apply
to U. S.

22. Re-insurance of life risks effected by particular contracts and not under any general treaty, remain in force. The provisions of paragraph 12 apply to treaties of re-insurance of life insurance contracts in which enemy companies are the re-insurers.

Does not apply
to U. S.

23. In case of a re-insurance effected before the war of a contract of marine insurance, the cession of a risk which had been ceded to the re-insurer shall, if it had attached before the outbreak of war, remain valid and effect be given to the contract notwithstanding the outbreak of war: sums due under the contract of re-insurance in respect either of premiums or of losses shall be recoverable after the war.

Does not apply
to U. S.

24. The provisions of paragraphs 17 and 18 and the last part of paragraph 16 shall apply to contracts for the re-insurance of marine risks.

Does not apply
to U. S.

ARTICLE II.

Definition of
"during the
war."

For the purposes of Articles A, B, D, E, F and G and Regulations X and Z, the expression "during the war" means for each Allied or Associated State the period between the declaration of war between that State and Germany and the date of the coming into operation of the present Treaty.

Applies to U. S.

ARTICLE I.

(a.) Within three months from the date of the coming into operation of the present Treaty, a Mixed Arbitral Tribunal shall be established between each of the Allied and Associated States on the one hand, and Germany on the other hand. Each such tribunal shall consist of three members. Each of the Governments concerned shall appoint one of these members. The President shall be chosen by agreement between the two Governments concerned.

Applies to U. S.

Creation of
new mixed
arbitral Tri-
bunal between
each allied
state and
Germany.

In case of failure to reach agreement the President and two other persons who may in case of need take his place, shall be chosen by the Executive Council of the League of Nations, or, until this is set up, by M. Gustave Ador. These persons shall belong to countries that have remained neutral during the war.

M. Ador is the
present presi-
dent of the
Swiss Republic.

If any Government shall fail, within one month of notice, to designate a member of a Tribunal as provided above, this member shall be chosen by the other Government from the two persons other than the President mentioned above.

The decisions of the majority of the members of the Tribunal shall be the decision of the Tribunal.

(b.) The Mixed Arbitral Tribunals established by application of paragraph (a) shall decide the disputes which in accordance with Articles A, B, D, E, F and G and Regulations X and Z, are within its competence.

In addition all disputes, whatsoever they may be, relating to contracts concluded before the date of the present Treaty between nationals of the Allied and Associated

Jurisdiction of
Mixed
Arbitral
Tribunals.

States and German nationals shall be decided by the Mixed Arbitral Tribunal, always excepting disputes which under the laws of the Allied, Associated or Neutral States, are within the jurisdiction of the National Courts of those States. Such disputes shall be decided by the National Courts in question, to the exclusion of the Mixed Arbitral Tribunal. The Allied or Associated party may nevertheless bring the case before the Mixed Arbitral Tribunal if this is not prohibited by the laws of his country.

Judgments given in all cases which, under the present Treaty, they are competent to decide, by the Courts of an Allied or Associated State shall be recognized in Germany as final, and shall be enforced without it being necessary to have them declared executory.

(c.) If the number of cases justifies it, additional members will be appointed so that each Mixed Arbitral Tribunal may sit in divisions. Each of these divisions will be constituted as above.

(d.) Each Mixed Arbitral Tribunal will settle its own procedure, and is empowered to award the sums to be paid by the loser in respect of the costs and expenses of the proceedings.

(e.) Each Government will pay the remuneration of the member of each Mixed Arbitral Tribunal nominated by it and of the agent whom it appoints to represent it before the Tribunal. The remuneration of the President will be determined by special agreement between the governments concerned; and this remuneration and the joint expenses of each Tribunal will be paid by the two Governments in equal moieties.

(f.) The High Contracting Parties agree to regard the decisions of each Mixed Arbitral Tribunal as final and conclusive, and to render them binding upon their nationals.

ARTICLE J.

Enforcement of
decisions of new
Tribunal.

Whenever a competent tribunal has given or gives a decision in a case covered by Articles A, B, D, E, F, or G or by Regulations X or Z, and such decision is inconsistent with the provisions of the Articles or Regulations in question, the party who is prejudiced by the decision shall be entitled to recover compensation which shall be fixed by the Mixed Arbitral Tribunal established by Article I.

Does not apply
to U. S.

At the request of the national of an Allied or Associated State concerned, the compensation referred to above may, whenever possible, be effected by the Mixed Arbitral Tribunal directing the replacement of the parties in the position occupied by them before the judgment was given by the German Court.

PART VI.
ECONOMIC COMMISSION.
INDUSTRIAL PROPERTY.

MEMORANDUM BY AMERICAN DELEGATES.

We have not been able, on behalf of the United States of America, to consent to the provisions of Article V, entitled "Reciprocal Amnesty," nor to the provisions of Article VI, referring to "Pre-War Licenses."

As to both of these articles, it is our opinion that their provisions conflict with the principles of public law and perhaps with the constitution of the United States, depriving our nationals of property rights, without providing for the ascertainment of the value of those rights and their due compensation. The provisions of these articles also amount to a confiscation of the private rights of German nationals without compensation, and without the justification inherent in a measure taken in the public interest or for purposes of national defence.

We are unable to concede that the principles of international law justify the annulment of private contracts relating to industrial property or the annulment of rights of action under such contracts, except for and to the extent required by war measures. Under the provisions of Article II, together with the general principles of international law, sufficient protection is afforded to provide for acts done by the Allied or Associated Powers in the prosecution of the war in so far as industrial property rights are concerned. Beyond the protection given to the Allied and Associated Powers and their nationals by the provisions of Article II, we do not believe that rights of action relating to industrial property, or pre-war contracts relating to industrial property, should be regarded as differing in substance from or requiring different treatment from rights of action in general or pre-war contracts in general.

In accord with our representations, clauses have been inserted (Clauses 16 and 20, below) by which these parts of the draft are made to have no application as between the United States and Germany.

[Article I.—*International Conventions.*]*

[The International Convention of Paris, of the 20th March, 1883, for the protection of industrial property, revised at Washington in 1911, and the International

Restores
operation of
certain inter-
national
conventions.

U. S. is not
party to
Berne
Convention.
These matters
are also dealt
with in Part II,
Art. V.
Duplications
to be eliminated.

* This Article is covered by Article E in Part II relating to Revival or Abrogation of Economic Treaties.

Convention of Berne, of the 9th September, 1886, for the protection of literary and artistic works, revised at Berlin in 1908, shall be restored and their provisions shall again be put into full force and effect as from the ratification of the present Treaty, in so far as they are not affected or modified by the exceptions and restrictions resulting from the said Treaty.]

Article II.—*Re-establishment of Rights.*

Re-establishes
industrial prop-
erty rights.

1. Subject to the stipulations of the present Treaty, rights of industrial, literary, and artistic property, as defined by the International Conventions of Paris and of Berne, mentioned in the preceding article, shall be re-established or restored, as from the date of ratification of the present Treaty, in the territories of the Allied or Associated Powers of the one part and of Germany of the other, in favor of the persons entitled to the benefit of them at the moment of the declaration of war or their legal representatives. Equally, rights which, except for the war, would have been acquired during the war in consequence of an application made for the protection of industrial property, or the publication of a literary or artistic work, shall be recognized and established in favor of those persons who would have been entitled thereto, from the date of the ratification of the present Treaty.

Restoration is
subject to
limitations of
the following
clauses:

2. Nevertheless, all acts done by virtue of the special measures taken during the war in accordance with the legislation, or by the Government of any Allied or Associated Power in regard to the rights of the subjects or citizens of Germany shall remain in force and shall continue to maintain their full effect.

Unilateral.

Acts of Allies
under special
War Measures to
remain valid and
effective.

Allied Govern-
ments absolved
from claims for
use of German In-
dustrial Property
during the war.

3. No claim or action by Germany or German subjects or citizens shall be permitted in respect of the use during the war by the Government of any Allied or Associated Power, or by any persons acting on their behalf or under their direction, of any rights in industrial, literary or artistic property, nor in respect of the sale, offering for

Unilateral.

**SUMMARY OF
CONTENTS.**

ECONOMIC CLAUSES.

COMMENTS.

Amounts collected
to be treated same
as other similar
funds due to or
from German Nationals.

sale, or use of any products, articles, or apparatus whatsoever, made in the course of such use.

4. Unless the legislation of any one of the Allied or Associated Powers otherwise directs, sums due or paid in virtue of any act or operation resulting from the execution of the special measures mentioned in paragraph 2 of this article shall be dealt with in the same way as the other sums due to German nationals are directed to be dealt with by the present Treaty; and sums produced by any special measures taken by the German Government in respect of rights in industrial, literary, or artistic property belonging to the subjects and the citizens of the Allied or Associated Powers shall be considered and treated in the same way as other debts due from German nationals.

U. S. legislation
covers our funds
in hand.

Reserves right
after war to im-
pose restrictions
on German
Industrial
Property for
public interest.

5. Each of the Allied and Associated Powers reserves to itself the right to impose such limitations, conditions, or restrictions on rights of industrial, literary, or artistic property (with the exception of trade-marks) acquired before or during the war, or which may be subsequently acquired in accordance with their legislation, by German subjects or citizens, whether by granting licenses, or by the working, or by the preserving control over their exploitation, or in any other way, as may be considered necessary for national defence, or in the public interest, or for assuring the fair treatment by Germany of the rights of industrial, literary, and artistic property held in German territory by its nationals, or for securing the due fulfilment of all the obligations undertaken by Germany in the present Treaty.

Unilateral.

Germany has
similar rights
by her laws.

Transfers
during war to
evade special
measures not
recognized.

6. Each of the Allied or Associated Powers reserves the right to treat as void and of no effect any transfer of or other dealing with rights of or in respect of industrial, literary, or artistic property effected after the outbreak of the war* or in the future, which would have the result of defeating the objects of the provisions of this article.

Necessary to
prevent fraudu-
lent transfers
to neutrals.

*[Change proposed by American Delegation April 23: "After August 1, 1914".]

Property sold
by Government
not thereafter
subject to
additional
restrictions.

7. The provisions of this article shall not apply to industrial, literary, or artistic property which has been dealt with in the liquidation of businesses or companies under war legislation by the Allied or Associated Powers, or which may be so dealt with by virtue of the present Treaty.

Article III.—*Extension of Time for doing any Acts necessary for Restoration.*

All defaults in
formalities
since Aug. 1,
1914, may be
cured now.

1. A minimum of one year after the ratification of the present Treaty shall be accorded to the nationals of the signatories to this Treaty, without extension fees or other penalty, in order to enable such persons to accomplish any act, fulfill any formality, pay any fees, and generally satisfy any obligation prescribed by the laws or regulations of the respective States relating to the obtaining, preserving, or opposing rights to, or in respect of, industrial property either acquired before the 1st August, 1914, or which, except for the war, might have been acquired since that date as a result of an application made before the war or during its continuance, but nothing in this article shall give any right to reopen interference proceedings in the United States of America where a final hearing has taken place.

Applies to all
signatories
inter se.
Excepts U. S.
Interference
Proceedings.

Each country may
impose conditions
to protect bona
fide intervening
rights.

2. All rights in, or in respect of, such property which may have lapsed by reason of any failure to accomplish any act, fulfill any formality, or make any payment, shall revive, but subject in the case of patents and designs to the imposition of such conditions as each Allied or Associated State may deem reasonably necessary for the protection of persons who have manufactured or made use of the subject-matter of such property while the rights had lapsed. Further, where rights to patents or designs belonging to German nationals are revived under this article, they shall be subject to the same provisions as would have been applicable to them during the war, as well as to all the provisions of the present treaty.

German rights
revive subject to
conditions applied
during the war.

No rights lost for failure to exploit during the war.

3. The period from the 1st August, 1914, until the ratification of the present Treaty shall be excluded in considering the time within which a patent should be worked or a trade mark or design used, and it is further agreed that no patent, registered trade mark or design in force on the 1st August, 1914, shall be subject to revocation or cancellation by reason only of the failure to work such patent or use such trade mark or design for two years after the ratification of the present Treaty.

Applies equally to all countries.

Article IV.—*Rights of Priority under the Convention.*

Priority of the International Convention extended during war and six months after.

1. The rights of priority provided by Article IV of the International Convention for the Protection of Industrial Property of Paris, of the 20th March, 1883, revised at Washington in 1911, or by any other Convention or Statute, for the filing of applications for patents, and for the registration of trade marks and designs and models of utility which had not expired on the 1st August, 1914, and those which have arisen during the war, or would have arisen but for the war, shall be extended by each signatory in favor of all nationals of the other signatories to this Treaty for a period of six months after the ratification of the present Treaty.

Applies to all signatories *inter se*.

Protection of all *bona fide* third persons having intervening rights.

2. Nevertheless, such extension shall in no way affect the right of the Government of any State or of any person who before the signature of this Treaty was *bona fide* in possession of any rights of industrial property conflicting with rights applied for by another who claims rights of priority in respect of them to exercise such rights by himself personally, or by such agents or licensees as derived their rights from him before the signature of this Treaty; and such persons shall not be amenable to any action or other process of law in respect of infringement.

Article V.—*Special Restrictions on Right of Action in
Regard to Industrial Property.*

Cancels all
rights to sue
for infringements
committed
during the war.

1. No action shall be brought and no claim made by persons residing or carrying on business within the territories of Germany on the one part and of the Allied or Associated Powers on the other, or persons who are subjects or citizens of such Powers respectively, or by any one deriving title during the war from such persons, by reason of any action which has taken place within the territory of the other party between the date of the declaration of war and that of the signature of this Treaty, which might constitute an infringement of the rights of industrial property or rights of literary and artistic property, either existing at any time during the war or revived under the provisions of Articles III. and IV.

Reciprocal.
Not accepted by
U. S. See
memorandum.

Immunity as to
sales of infringing
articles extended
1 year
after the war.

2. Equally, no action by such persons shall at any time be permissible in respect of the sale or offering for sale for a period of one year after the signature of this Treaty in the territories of the Allied or Associated Powers, on the one hand, or Germany on the other, of products or articles manufactured, or of literary or artistic works published, during the period between the declaration of war and the signature of this Treaty or against those who have acquired and continue to use them. It is understood, nevertheless, that this provision shall not apply when the possessor of the rights was domiciled or had an industrial or commercial establishment in the districts occupied by Germany during the war.

3. As between the United States of America on the one hand, and Germany on other, this Article shall have no effect.

Article VI.—*Pre-War Licenses.*

Cancels all pre-war
licenses.
Right to renew
on terms fixed
by local
tribunal.

1. Licenses in respect of industrial, literary, or artistic property concluded before the war between nationals of the Allied or Associated Powers or persons residing in their territory or carrying on business therein, on the

one part, and the subjects or citizens of Germany, on the other part, shall be considered as cancelled as from the date of the declaration of war between Germany and the Allied or Associated country. But, in any case, the former beneficiary of a contract of this kind shall have the right, within a period of six months after the ratification of the present Treaty, to demand from the proprietor of the rights the grant of a new license, the conditions of which, in default of agreement between the parties, shall be fixed by the duly qualified tribunal in the country under whose legislation the rights had been acquired, except in the case of licenses held in respect of rights acquired under German law. In such cases the conditions shall be fixed by the Mixed Arbitral Tribunal referred to in Article I, Part V, of the present Treaty. The tribunal may, if necessary, fix also the amount which it may deem just should be paid by reason of the use of the rights during the war.

Pre-war licenses to have no effect on those granted by Governments during the war.

2. No license in respect of industrial, literary, or artistic property, granted under the special war legislation of any Allied or Associated country, shall be affected by the continued existence of any license entered into before the war, but shall remain valid and of full effect, and a license so granted to the former beneficiary of a license entered into before the war shall be considered as substituted for such license entered into before the declaration of war if granted to the former beneficiary.

Reciprocal.
Refused by U. S.
See memorandum.

Royalties paid on pre-war licenses during the war.

3. Where sums have been paid during the war by virtue of a license or agreement concluded before the war in respect of rights of industrial property or for the reproduction or the representation of literary, dramatic, or artistic works, these sums shall be dealt with in the same manner as other debts or credits of German nationals as provided by the present Treaty.

Not accepted by U. S. See memorandum.

4. As between the United States of America on the one hand, and Germany on the other, this Article shall have no effect.

Article VII.—*Rights in Separated Territories.*

German patents
owned by in-
habitants of
detached terri-
tory to remain
valid.

The existing inhabitants of territories separated from Germany by virtue of the present Treaty shall, notwithstanding this separation and the change of nationality consequent thereon, continue to enjoy in Germany all the rights in industrial, literary, and artistic property to which they were entitled under German legislation.

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LIBRARY BINDING



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